

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

BOARD OF ADMINISTRATION

INVESTMENT COMMITTEE

November 14, 2005

Chief Investment Officer's

Consolidated Investment Activity Report

(September 2005 Reporting Period)

Market Environment – September 30, 2005

General Market Commentary

Hurricanes Katrina and Rita strongly influenced the global economy during the month of September. The Consumer Price Index rose 1.2% in the month, the largest one-month increase since 1980. The unemployment rate rose from 5.0% to 5.1% during the month.

Domestic and International Equities

Equity markets produced positive gains during the month. The broad-market Russell 3000 Index rose by 0.9%. Large-cap value securities outperformed their growth counterparts 1.4% to 0.5% (Russell 1000 Value and Growth), respectively. Small-cap growth securities outpaced small-cap value securities, 0.8% to -0.2% (Russell 2000 Value and Growth). Non-U.S. Developed markets rose by 4.5% (MSCI EAFE) and the emerging markets rose by 9.3% (MSCI EMF), both in dollar terms.

Domestic and International Fixed Income

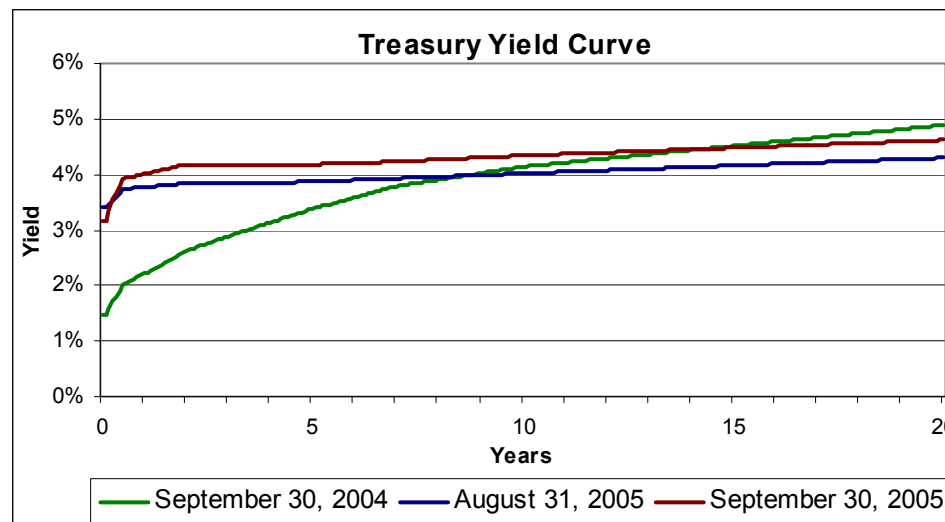
Fixed income fell in across all U.S. sectors. In the U.S. Long-term Treasuries, as represented by the Lehman Brothers Gov't Long Index, fell -2.9%, while TIPS lost -0.1%. Non-U.S. sovereign debt returned -2.1% in U.S. dollar terms in the month (Citi WGBI ex US).

Real Estate

Real estate, as measured by the NAREIT Equity Index, increased 0.6% in September 2005. The NCREIF Index of Real Estate Properties returned 5.3% in the quarter ended June 2005.

Private Equity, Absolute Return Strategies

The Venture Economics All Private Equity Index returned 20.4% for the 12 months ended June 2005 and 12.7% for the 10 years ended June 2005. Absolute Return funds (CSFB/Tremont Hedge Fund Index) returned 1.6% in September 2005 and 11.9% in the 12 months ended September 2005.



MARKET INDICATORS	9/30/2004	Direction	8/31/2005	Direction	9/30/2005
1m LIBOR (fixed in \$)	1.84%	▲	3.70%	▲	3.86%
Federal Funds	1.75%	▲	3.50%	▲	3.75%
10Y Treasury Note Yield	4.12%	▼	4.02%	▲	4.33%
30Y Treasury Bond Yield	4.89%	▼	4.26%	▲	4.57%
DJ-Wilshire 5000 Comp	10,893.80	▲	12,199.09	▲	12,282.87
S&P 500	1,114.58	▲	1,220.33	▲	1,228.81
NASDAQ Composite	1,896.84	▲	2,152.09	▼	2,151.69
FTSE 100 Index	4,570.80	▲	5,296.90	▲	5,477.70
Nikkei 225 Index	10,823.57	▲	12,413.60	▲	13,574.30
Yen/\$ (Dollar Strength)	110.200	▲	110.840	▲	113.290
Euro/\$ (Dollar Strength)	0.805	▲	0.811	▲	0.829
GBP/\$ (Dollar Strength)	0.553	▲	0.555	▲	0.565
Crude Oil per Barrel	\$ 49.64	▲	\$ 68.94	▼	\$ 66.24
Gold (\$/oz Daily Spot)	\$ 415.65	▲	\$ 433.25	▲	\$ 473.25
GS Commodities Index	\$ 337.73	▲	\$ 466.39	▲	\$ 469.56

CalPERS Asset Allocation – September 30, 2005

Summary

- Total Fund Market Value was \$195.5 Billion
- Total Fund Book Value was \$151.0 Billion
- All Asset Classes are within their permissible ranges relative to target ranges and strategic target levels.

Book to Market Value Comparison

	Book Value (\$ Billion)	Market Value (\$ Billion)	Difference (\$ Billion)
Total Cash Equivalents	\$.8	\$.8	\$0.0
Total Global Fixed Income	\$49.2	\$50.1	\$.8
Domestic Equities ¹	\$46.6	\$79.2	\$32.6
International Equities	\$35.2	\$46.7	\$11.5
Total Global Equities	\$81.8	\$126.0	\$44.2
Total Real Estate	\$7.9	\$9.4	\$1.5
Total Equities and Real Estate	\$89.7	\$135.3	\$45.7
Total AIM Direct/Partnership	\$11.4	\$9.3	-\$2.1
Total Fund	\$151.1	\$195.5	\$44.4

¹ Included is MDP Investment - LM Capital Investment: Total Book Value=**\$180.4M**, Total Market Value=**\$179.7M**.

* Figures for this report are rounded for viewing purposes. Calculations are based on actual values. When summing net amounts on this report, there may be breakage.

Top Company Exposures

- As a very significant institutional investor, CalPERS has large exposures to the securities of many corporations either through internal or externally managed portfolios. Consistent with board requested information and in support of the Board of Administration's oversight role, a schedule of the top 20 company exposures is prepared for informational purposes and can be found on Page 4.

CalPERS Total Fund Top 20 Company Exposures

Based on Total Market Values as of 9/30/2005

Company Name	Equity Exposure				Total Equity Market Value	Fixed Income Exposure				Total FI Market Value	Real Estate Exposure (1)	TOTAL Market Value	% of Total Fund(3)
	Internally Managed		Externally Managed			Internal	External	Sec. Lending(2)					
	Active	Passive	Active	Passive									
GENERAL ELECTRIC	188,962,000	1,341,470,039	197,886,603		1,728,318,642	48,777,207	63,805,316	700,728,128	813,310,651			2,541,629,293	0.95%
EXXON MOBIL CORP	162,465,299	1,548,730,314	241,768,112		1,952,963,725				0			1,952,963,725	1.01%
MICROSOFT CORP	196,830,049	1,050,759,167	172,470,660		1,420,059,876				0			1,420,059,876	0.74%
CITIGROUP	100,044,857	887,571,720	210,679,897		1,198,296,474	82,846,064	24,336,050		107,182,114			1,305,478,588	0.68%
WAL MART STORES INC	128,642,155	705,002,452	71,560,512		905,205,119	113,605,710	1,160,349		114,766,059			1,019,971,178	0.53%
PFIZER INC	123,328,903	705,100,363	118,387,639		946,816,905	5,732,356	9,996,044		15,728,400			962,545,305	0.50%
CHEVRONTXACO CORP	104,018,923	555,383,400	132,567,687		791,970,010	121,207,924	23,336,308		144,544,232			936,514,242	0.49%
JOHNSON + JOHNSON	80,566,830	702,306,752	128,164,781		911,038,363				0			911,038,363	0.47%
HSBC HOLDINGS	0	90,851,572	53,029,444	391,718,448	535,599,464	156,273,609	16,262,798	202,535,506	375,071,913			910,671,377	0.37%
BANK OF AMERICA	65,351,535	641,852,390	131,091,612		838,295,537	45,333,118	13,157,167		58,490,285			896,785,822	0.46%
JPMORGAN CHASE & CO	44,509,001	457,429,535	74,145,872		576,084,408	13,773,163	12,427,226	207,945,160	234,145,549	8,828,590		819,058,547	0.32%
INTEL CORP	83,033,303	594,207,970	110,527,322		787,768,595				0			787,768,595	0.41%
ROYAL DUTCH SHELL	0	114,046,589	151,983,803	508,471,801	774,502,193				0			774,502,193	0.40%
AMERICAN INTL GROUP INC	91,775,896	601,563,444	60,629,099		753,968,439	9,500,986	4,520,385		14,021,371			767,989,810	0.40%
BRITISH PETROLEUM	0	124,750,469	72,135,319	537,457,549	734,343,337				0			734,343,337	0.38%
PROCTER + GAMBLE CO	91,709,855	571,053,840	61,940,136		724,703,831	5,079,192			5,079,192			729,783,023	0.38%
INTERNATIONAL BUSINESS I	95,525,174	513,793,056	45,335,531		654,653,761	8,642,300		60,073,212	68,715,512			723,369,273	0.34%
BERKSHIRE HATHAWAY	94,907,123	449,531,774	21,561,800		566,000,697			150,051,540	150,051,540			716,052,237	0.29%
VERIZON	31,259,322	335,379,786	58,653,215		425,292,323	282,280,247	7,941,335		290,221,582			715,513,905	0.37%
CONOCOPHILLIPS	75,781,881	364,280,037	118,244,376		558,306,294	138,163,506	1,282,213		139,445,719			697,752,013	0.36%

(1) Real Estate exposure data only includes the 20 companies with the highest annual lease revenues for each core partnership, excludes properties in escrow. The market value exposures are calculated based only on two years of expected lease revenues.

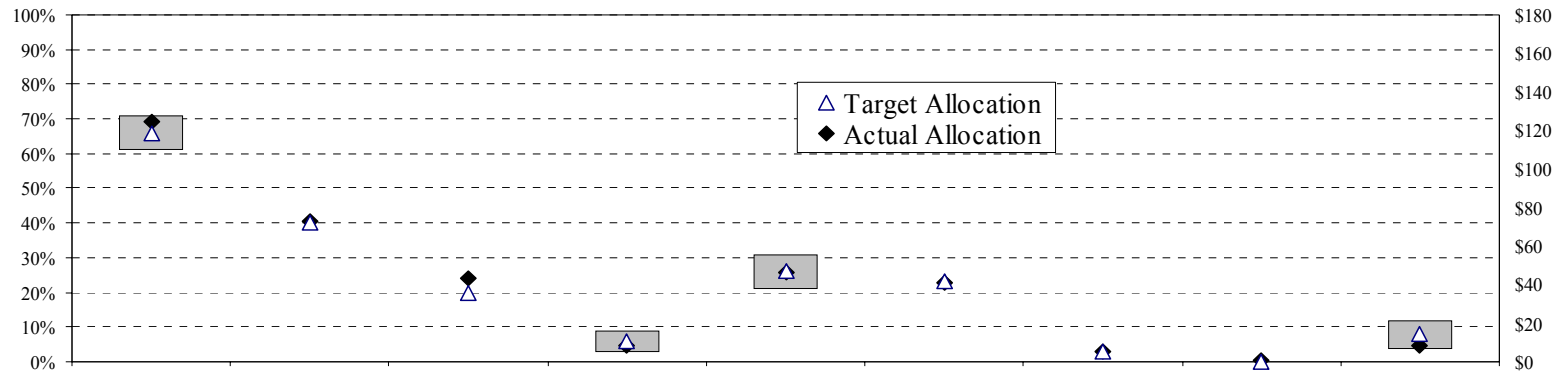
(2) Does not include Repos

(3) Excludes securities lending exposure

CalPERS

Asset Allocation as of September 30, 2005

Total Fund Market Value: **\$195,507,602,433**



	Total Equity	Domestic Equity	Non-U.S. Equity	Private Equity	Global Fixed	Domestic Fixed	Non-U.S. Fixed	Cash ²	Real Estate	Total Fund
Target Range	61-71%	N/A	N/A	3-9%	21-31%	N/A	N/A	N/A	4-12%	N/A
Strategic %	66.0%	40.0%	20.0%	6.0%	26.0%	23.0%	3.0%	0.0%	8.0%	N/A
Actual %	69.2%	40.5%	23.9%	4.8%	25.6%	22.8%	2.8%	0.4%	4.8%	N/A
Variance %	3.2%	0.5%	3.9%	(1.2%)	(0.4%)	(0.2%)	(0.2%)	0.4%	(3.2%)	N/A
Strategic \$ ³	\$129.0	\$78.2	\$39.1	\$11.7	\$50.8	\$45.0	\$5.9	\$0.0	\$15.6	N/A
Actual \$ ^{3,4}	\$135.3	\$79.2	\$46.7	\$9.3	\$50.1	\$44.5	\$5.5	\$0.8	\$9.4	N/A
Variance \$ ³	\$6.2	\$1.0	\$7.6	(\$2.4)	(\$0.8)	(\$0.4)	(\$0.3)	\$0.8	(\$6.3)	N/A
% Passive	66.3%	80.9%	54.6%	0.0%	0.0%	0.0%	0.0%	0.0%	4.6%	46.1%
% Active	33.7%	19.1%	45.4%	100.0%	100.0%	100.0%	100.0%	100.0%	95.4%	53.9%
% Internal ¹	51.6%	80.9%	12.0%	0.0%	87.7%	98.5%	0.0%	44.9%	4.6%	58.5%
% External ¹	48.4%	19.1%	88.0%	100.0%	12.3%	1.5%	100.0%	55.1%	95.4%	41.5%

MDP Venture accounts included in MDP's primary asset class. MDP Fixed and Enhanced Index Equity roll to External Domestic Equity.

¹ For cash percentage only, average over previous 6 months.

² Cash includes SMIF at STO.

³ (\$ Billion)

⁴ Based upon Trade Date Accounting as recommended by CFA Institute GIPS Standards.

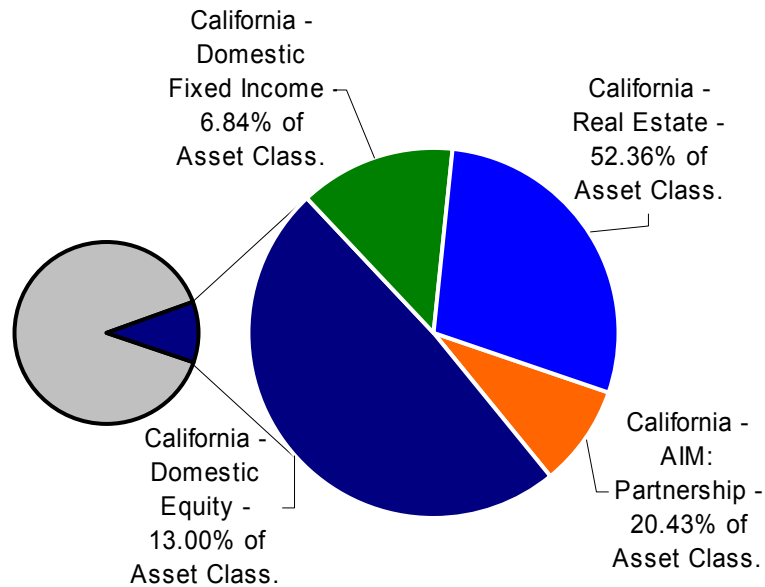
Private Equity Asset Allocation as of 09/30/2005			
Funded	\$(in Billions)	% Allocation	Target Range
Current Market Value	\$9.30	4.8%	
Unfunded Commitment	\$10.00	5.1%	
Current Market Value plus Unfunded Commitment	\$19.30	9.9%	3-9%

CalPERS Investments in the State of California – September 30, 2005

The State of California offers CalPERS a number of attractive investment opportunities. The following charts summarize the investments by asset class as of the date of this report. A detailed report on California investments is available in the supplemental reporting document.

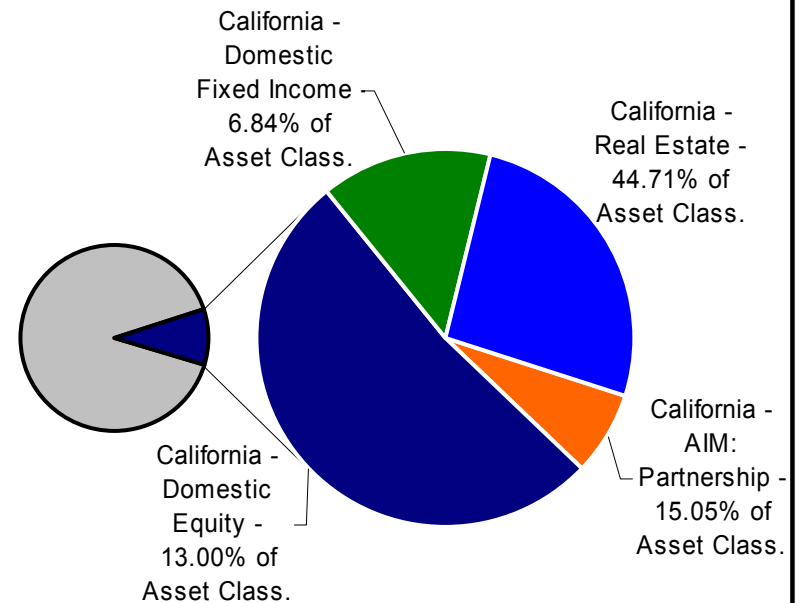
California Commitments (includes unfunded investments)

Current California Commitments at 9/30/2005 Total Fund %: 10.81%



California Investments

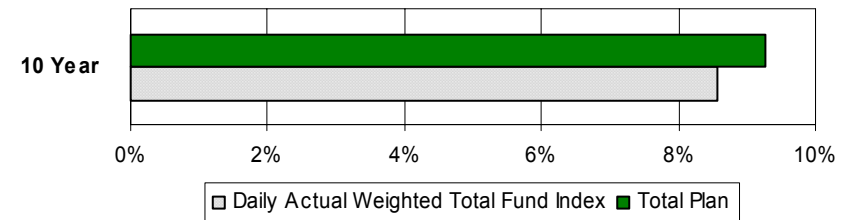
Current California Investments at 9/30/2005 Total Fund %: 10.10%



Performance Summary – September 30, 2005

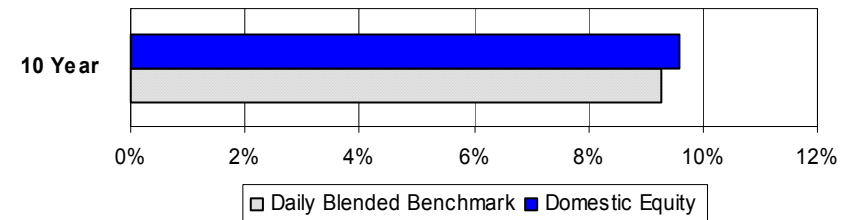
Total Plan:

Net Total Fund returns have exceeded the Policy Index in all periods shown. Ten-year net returns were 9.27% versus 8.57% for the actual weighted index.



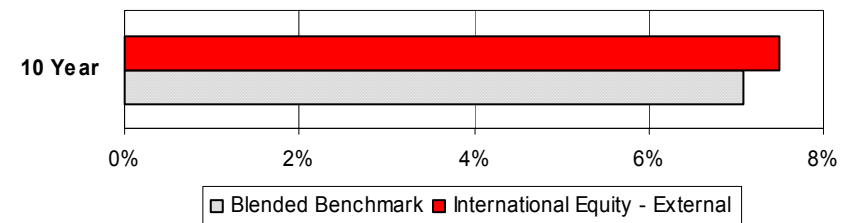
Domestic Equity:

Net Domestic Equity returns have met or exceeded the Blended Index in all but the 1-month period. Ten-year net returns were 9.57% versus 9.27% for the blended benchmark.



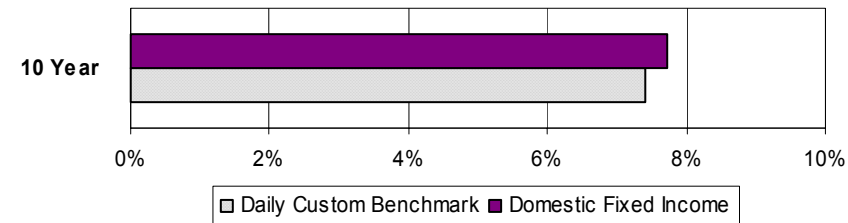
International Equity:

Net International Equity (External) returns including the currency overlay (which has hindered medium-term returns) generally outperformed all but medium-term blended benchmark returns. Despite observed medium-term underperformance, ten-year net returns were 7.49% (7.15% without currency overlay) versus 7.09% for the blended benchmark. The Internal portfolio has returned 13.10% since 5/1/2005 inception (exceeding its benchmark of 12.74%)



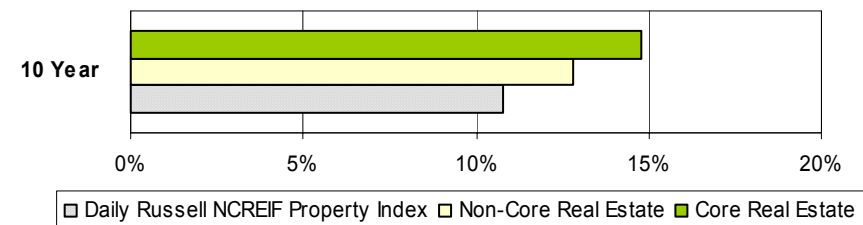
Domestic Fixed Income:

Net Domestic Fixed Income returns have exceeded the benchmark in all periods shown except the calendar year to date. Ten-year net returns were 7.73% versus 7.41% for the benchmark.



Real Estate:

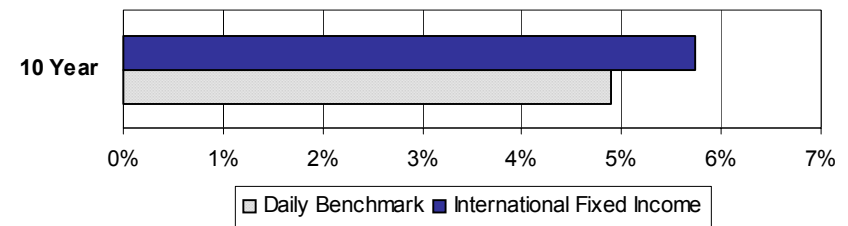
Net returns to the Core Portfolio have exceeded the NCREIF Property benchmark in all periods shown. Non-core portfolio returns have exceeded the benchmark in all periods shown. Ten-year net returns were 14.78% for the Core Real Estate portfolio and 12.83% for Non-Core Real Estate versus 10.79% for the lagged benchmark.



Performance Summary – September 30, 2005

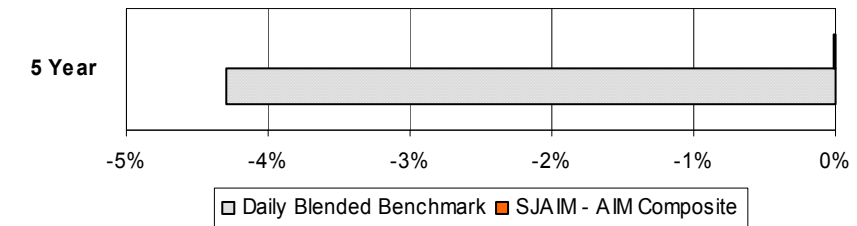
International Fixed Income:

Net International Fixed Income returns have exceeded the benchmark in all periods shown. Ten-year net returns were 5.73% versus 4.89% for the daily benchmark.



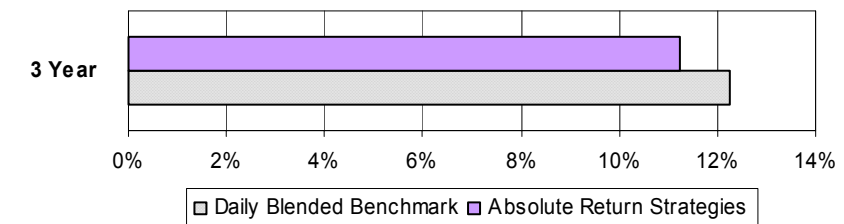
Alternative Investments:

Net returns for the Alternative Investments portfolio have exceeded the daily blended benchmark in all periods shown except for one month, one quarter, and the fiscal year to date. Five-year net returns are shown for the AIM Composite, which includes distributed stock (-0.01% vs. -4.30%). Ten-year net returns for the AIM Partnership & Direct Composite exceeded the daily benchmark (12.28% vs. 7.45%).



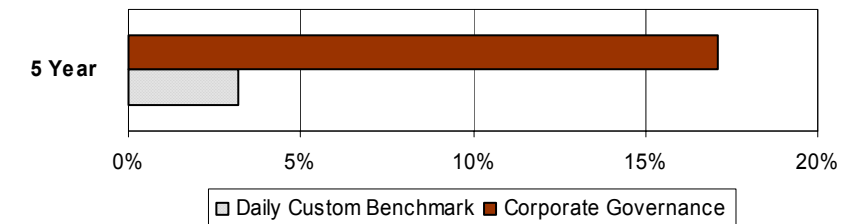
Absolute Return Strategies:

Net Absolute Return Strategies returns have outperformed all but the three-year period shown. Three-year net returns were 11.23% versus 12.25% for the daily blended benchmark.



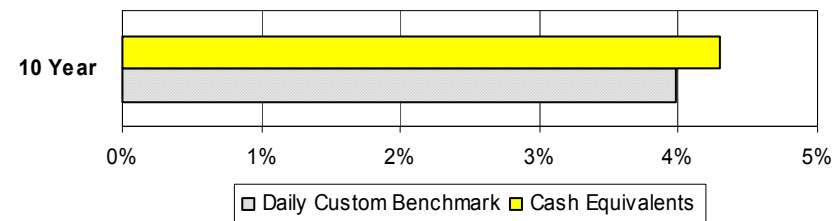
Corporate Governance:

Net returns to Corporate Governance Investments have exceeded the Daily Custom Benchmark in all medium- to long-term periods shown. Five-year net returns were 17.10% versus 3.18% for the weighted index.



Cash Equivalents:

Net returns for the Cash Equivalents portfolio have exceeded the benchmark in all periods shown. Ten-year net returns were 4.29% versus 3.98% for the daily benchmark.



CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CIO REPORT
GROSS RATES OF RETURN
Period Ending September 30, 2005
Investment Committee Meeting November 2005

	MKT VAL (000'S)	One Month Sep 05	QTR Jul - Sep 05	FYTD 05-06	CYTD 2005	1 Year	3 Years	5 Years	10 Years
TOTAL PLAN									
SJ1CA1 TOTAL FUND	195,507,602	1.72	4.83	4.83	8.11	17.23	16.62	4.55	9.42
CALPERS POLICY INDEX		0.95	4.00	4.00	6.17	14.56	15.13	3.66	8.57
ACTUAL WEIGHTED TOTAL FUND INDEX		1.16	3.99	3.99	5.88	14.61	15.17	3.69	8.61
GLOBAL EQUITY									
DOMESTIC									
SH8CA1 TOT DOM EQ+IND HG+ENV EX VENT, HDG, CG	75,898,685	0.71	3.90	3.90	3.79	13.94	18.03	-0.59	9.59
WILSHIRE 2500 EX TOBACCO (BLENDED)		0.72	3.80	3.80	3.77	13.89	17.88	-1.02	9.27
INTERNATIONAL - EXTERNAL									
SHBCA1 INTL TOT EXT EQ+MDP+IND HG, EX OVLY EX VT	38,703,807	4.99	11.83	11.83	12.19	29.85	26.59	4.45	7.19
SHBKA1 INTL TOT EXT EQ+MDP+IND HG+OVLY EX VT	39,019,828	5.28	11.86	11.86	14.24	30.52	25.27	3.71	7.54
CALPERS FTSE A-W X US/SSGA BLEND		4.92	11.44	11.44	11.48	28.98	26.84	4.48	7.09
INTERNATIONAL - INTERNAL									
SWB3 INTERNAL INTERNATIONAL EQUITY INDEX	5,650,257	4.37	10.76	10.76					
CALPERS FTSE DEV WORLD EX US & TOBACCO		4.30	10.63	10.63					
SWCG INTERNATIONAL EQUITY TRANSITION	27,334								
HEDGE FUND INVESTMENTS									
SNLCA1 TOTAL ARS PROGRAM COMPOSITE	1,531,935	1.53	4.98	4.98	8.14	15.37	11.70		
TOTAL ARS PROGRAM BLENDED INDEX		0.44	1.68	1.68	5.24	6.71	12.24		
CORPORATE GOVERNANCE									
SWMKA1 CORPORATE GOVERNANCE	3,611,141	2.92	5.93	5.93	15.33	34.11	30.03	17.64	
CALPERS TOTAL CORP GOV WEIGHTED INDEX		4.13	9.30	9.30	10.07	21.62	22.42	3.18	
MDP DOM FIXED INCOME-INVESTMENTS									
SN1KA1 MDP DOM FIXED INCOME-INVESTMENTS	179,733	-0.81	-0.36	-0.36	1.18	2.84	6.38		
CITIGROUP BROAD INVESTMENT GRADE		-1.06	-0.68	-0.68	1.91	2.92	4.07	6.67	6.57
GLOBAL FIXED INCOME									
DOMESTIC									
SJDKA1 TOTAL DOM FIXED	44,541,001	-1.62	-0.98	-0.98	2.98	5.01	7.79	8.41	7.74
CALPERS CUSTOM LEH LPF		-1.73	-1.30	-1.30	3.00	4.77	5.52	8.13	7.41
INTERNATIONAL									
SJDCA1 TOTAL INTERNATIONAL FIXED INCOME	5,515,878	-1.89	-1.03	-1.03	-6.08	3.75	10.26	9.08	5.81
CALPERS WORLD GOVT EX US		-2.01	-1.12	-1.12	-6.61	3.24	9.57	8.70	4.89
CASH EQUIVALENTS									
SJVKA1 TOTAL CASH	816,667	0.33	0.89	0.89	2.25	2.77	1.82	2.75	4.29
CALPERS CUSTOM STIF NET OF FEES		0.29	0.86	0.86	2.17	2.61	1.62	2.44	3.98
ALTERNATIVE INVESTMENTS									
SJXKA1 AIM: PARTNERSHIP & DIRECT INVESTMENTS	9,219,232	0.08	2.01	2.01	16.64	20.76	10.09	0.28	12.28
SJAIM AIM COMPOSITE	9,302,069	0.07	2.13	2.13	16.49	21.18	10.27	0.01	
PERS WILSHIRE 2500/CYFU BLEND		1.27	3.87	3.87	12.05	16.09	6.58	-4.30	
SW2V AIM DISTRIBUTION STOCK	82,837	-0.70	8.53	8.53	10.00	32.29	26.81	-10.49	
REAL ESTATE									
SW3CA1 CORE REAL ESTATE	5,301,092	16.43	16.52	16.52	48.64	57.65	23.76	19.86	16.52
SW7KA1 TOTAL NON-CORE REAL ESTATE	4,078,881	6.96	7.74	7.74	31.37	41.84	26.26	16.42	15.50
NCREIF PROPERTY 1 QTR LAG INDEX		5.34	5.34	5.34	14.12	18.02	12.08	10.63	11.37

⁽¹⁾ SJXKA1 actual inception 3/90, returns only available since conversion to State Street Bank. Excludes MDP venture accounts in composites SW9C, SWDC.
Private Real Estate valued at prior quarter-end; Public Real Estate valued at current month-end.

This report prepared by State Street Bank

CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
CIO REPORT
NET RATES OF RETURN
Period Ending September 30, 2005
Investment Committee Meeting November 2005

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TOTAL PLAN									
SJ1CA1 TOTAL FUND	195,507,602	1.60	4.70	4.70	7.63	16.68	16.30	4.33	9.27
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INTERNATIONAL - EXTERNAL									
SHBCA1 INTL TOT EXT EQ+MDP+IND HG, EX OVLY EX VT	38,703,807	4.99	11.82	11.82	12.15	29.78	26.51	4.40	7.15
SHBKA1 INTL TOT EXT EQ+MDP+IND HG+OVLY EX VT	39,019,828	5.28	11.84	11.84	14.19	30.44	25.19	3.65	7.49
CALPERS FTSE A-W X US/SSGA BLEND		4.92	11.44	11.44	11.48	28.98	26.84	4.48	7.09
INTERNATIONAL - INTERNAL									
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TOTAL ARS PROGRAM BLENDED INDEX		0.44	1.68	1.68	5.24	6.71	12.24		
CORPORATE GOVERNANCE									
SWMKA1 CORPORATE GOVERNANCE	3,611,141	2.92	5.92	5.92	15.09	33.66	29.33	17.10	
CALPERS TOTAL CORP GOV WEIGHTED INDEX		4.13	9.30	9.30	10.07	21.62	22.42	3.18	
MDP DOM FIXED INCOME-INVESTMENTS									
SN1KA1 MDP DOM FIXED INCOME-INVESTMENTS	179,733	-0.81	-0.39	-0.39	1.06	2.69	6.15		
CITIGROUP BROAD INVESTMENT GRADE		-1.06	-0.68	-0.68	1.91	2.92	4.07	6.67	6.57
GLOBAL FIXED INCOME									
DOMESTIC									
SJDKA1 TOTAL DOM FIXED	44,541,001	-1.62	-0.99	-0.99	2.97	5.00	7.78	8.40	7.73
CALPERS CUSTOM LEH LPF		-1.73	-1.30	-1.30	3.00	4.77	5.52	8.13	7.41
INTERNATIONAL									
SJDCA1 TOTAL INTERNATIONAL FIXED INCOME	5,515,878	-1.89	-1.05	-1.05	-6.12	3.68	10.18	9.00	5.73
CALPERS WORLD GOVT EX US		-2.01	-1.12	-1.12	-6.61	3.24	9.57	8.70	4.89
CASH EQUIVALENTS									
SJVKA1 TOTAL CASH	816,667	0.33	0.89	0.89	2.25	2.77	1.82	2.75	4.29
CALPERS CUSTOM STIF NET OF FEES		0.29	0.86	0.86	2.17	2.61	1.62	2.44	3.98
ALTERNATIVE INVESTMENTS									
SJXKA1 AIM: PARTNERSHIP & DIRECT INVESTMENTS	9,219,232	0.08	2.01	2.01	16.64	20.76	10.09	0.28	12.28
SJAIM AIM COMPOSITE	9,302,069	0.07	2.12	2.12	16.47	21.16	10.25	-0.01	
PERS WILSHIRE 2500/CYFU BLEND		1.27	3.87	3.87	12.05	16.09	6.58	-4.30	
SW2V AIM DISTRIBUTION STOCK	82,837	-0.70	7.76	7.76	8.94	30.95	25.42	-11.38	
REAL ESTATE									
SW3CA1 CORE REAL ESTATE	5,301,092	13.48	13.57	13.57	38.54	46.52	19.97	17.12	14.78
SW7KA1 TOTAL NON-CORE REAL ESTATE	4,078,881	5.67	6.44	6.44	21.94	30.78	20.73	12.47	12.83
NCREIF PROPERTY 1 QTR LAG INDEX		5.34	5.34	5.34	14.12	18.02	12.08	10.63	11.37

⁽¹⁾ SJXKA1 actual inception 3/90, returns only available since conversion to State Street Bank. Excludes MDP venture accounts in composites SW9C, SWDC.
Private Real Estate valued at prior quarter-end; Public Real Estate valued at current month-end.

This report prepared by State Street Bank

Investment Operations Report – September 30, 2005

Status Report

- There were 5 (five) items reported
- In the quarter ending September 30, 2005, CalPERS responded to 23 (twenty-three) public record requests.
- Detailed Reporting is contained in the supplemental reporting document.

Closed Session Transactions

- There was 1 (one) closed session transaction reported to the Board in Open Session per the requirements of California Government Code Section 20191.5 and the current CalPERS Board of Administration Statement of Policy & Procedures for Closed Sessions.

Activity Reports – September 30, 2005

- Staff prepares activity reports for the AIM, Absolute Return Strategies and Opportunistic Real Estate Programs. Detailed reports and investment summaries for the AIM and Risk Managed Absolute Return Strategies are included in the supplemental reporting document. Opportunistic Real Estate Investments will be reported below as they occur.

AIM Activity Report

Activity	Month	2003	2004	2005 YTD	Since Inception
Investment Proposals Received	28	298	381	224	5689
Declined/Referred/Failed to Materialize	47	206	223	328	4491
Deals in Screening	83	298	397	225	2702
Due Diligence Reviews	27	25	65	42	488
Authorized Investments (\$ Millions)	\$200.0	\$995.0	\$1,697.5	3668	\$27,076.3

Risk Managed Absolute Return Strategies Program Activity Report

Activity	2003	2004	2005 YTD	Since Inception
Information Received	181	59	47	545
Declined	108	12	1	236
Deals in Screening	72	45	46	291
Due Diligence Reviews	1	5	16	37
Approved by ARS Board	1	5	16	35
Funded Investments (\$ Millions)	\$95	\$149	\$503	\$1,231

Opportunistic Real Estate Investments Activity Report

Activity	Month
Stockbridge Fund II Hollywood Park	September 2005

Semi-Annual and Quarterly Reports – September 30, 2005

According to policy requirements, the following is summary information extracted from the semi-annual and quarterly reports prepared for Investment Committee consideration. Executive Summaries and Full Reports are available in the supplemental reporting document.

AIM Program Semi-Annual Report:

AIM Program Summary

Investment Category	Active Commitments (\$mil) ¹	IRR 6/30/2005 ²
Co-Investments	\$524.7	-0.3%
Corporate Restructuring	9,719.8	15.5
Direct Investments	1,029.7	21.3
Distressed Securities	1,040.0	23.0
Expansion Capital	2,608.5	2.3
Investment Vehicles ³	3,764.9	-1.9
Mezzanine Debt	448.7	0.5
Secondary Interests	837.3	18.8
Special Situations	880.8	6.4
Venture Capital	3,305.8	8.1
Total Commitments	\$24,160.2	11.5%

- As of June 30, 2005 the AIM Program had total commitments of \$24.0 billion and active commitments of \$22.3 billion.
- As of June 30, 2005, the AIM Program has generated a net internal rate of return ("IRR") of 11.5%. The inception date was March 1990. As of June 30, 2005, the ten-year rolling average return for the CalPERS Wilshire 2500 Index was 9.8%. However, the AIM program has an average age of 3.8 years, therefore the majority of the portfolio is still in the early stage of its investment life. To address the young age of the AIM portfolio, CalPERS adopted a short-term benchmark. The benchmark measures performance of partnerships in the first five years of life against Venture Economics' universe data. As of June 30, 2005, the AIM Program's young funds produced an IRR of 13.4%, which ranks above the Custom Venture Economics Young Fund Universe median return of 1.0%⁴. Analysis of alternative private equity benchmarks indicates that the Custom Venture Economics Young Fund Universe is a more representative benchmark for the AIM Program, as it compares the Program's young funds to a similar universe.

¹ Includes all active commitments (in \$ millions) as of June 30, 2005.

² IRRs are provided by State Street PrivateEdge. The inception date for the AIM program is March 1990, but investment categories may have different inception dates.

³ Investment vehicles include California Emerging Ventures, California Emerging Ventures II, California Emerging Ventures III, California Initiative, and Corporate Partners Program.

⁴ The Venture Economics young fund universe information is preliminary. Venture Economics releases preliminary information to Wilshire and CalPERS when its database is at least 65% populated.

Semi-Annual and Quarterly Reports – September 30, 2005

AIM Program Semi-Annual Report (cont.)

- The performance of the Program's younger funds is affected by the "J-curve." The "J-curve" references the typical pattern of investment returns exhibited by private investments. This occurs because managers' investments are carried at cost until there is a tangible basis for changing an investment's valuation.
- The Program's buyout funds represent the single largest investment category in which the Program is invested. The buyout investments ranked very favorably versus the buyout universe provided by Venture Economics, outperforming the universe median during almost all vintage years. Through June 30, 2005 the buyout funds yielded a return of 12.5%. A more detailed universe comparison is provided on Page 4 of this report.
- Venture capital continues to aid performance during most time periods. The segment has produced an IRR of 8.1% through June 30, 2005. A more detailed universe comparison is provided on Page 5 of this report.

Semi-Annual and Quarterly Reports – September 30, 2005

Proxy Voting Quarterly Report Results:

The following table provides a summary of CalPERS' internal proxy voting results for the period. Staff continues to update this table to provide the Committee with a 5-quarter rolling analysis of CalPERS' proxy voting results.

Period	Approximate Number of Meetings Voted	Approximate Number of Individual Items Voted	Number of Shareowner Proposals Voted	Percent of Shareowner Proposals Supported
07/01/05 to 09/30/05	397	2100	16	68%
04/01/05 to 06/30/05	3274	20054	575	74%
01/01/05 to 03/31/05	660	2958	46	48%
10/01/04 to 12/13/04	808	2944	12	61%
07/01/04 to 09/30/04	730	2801	18	67%

**Source: ProxyEdge

In addition to the summary above, we have prepared detailed reports of CalPERS' proxy votes cast during the period July 1, 2005 to September 30, 2005, as attachments for this item. Although the attachments are not included in the agenda materials due to their size, they may be requested through the Investment Committee Secretary.

Attachment 1 contains the internal proxy voting decisions made in CalPERS' domestic portfolios and CalPERS' international portfolios, including staff's comments.

Attachment 2 contains the proxy votes for the Small Cap Index Fund (SW9P) that were cast on behalf of CalPERS between July 1, 2005 to September 30, 2005. To support resource constraints, CalPERS hired Glass Lewis & Co. to vote the approximately 2500 proxies (per year) within the Small Cap Fund.

Semi-Annual and Quarterly Reports – September 30, 2005

Proxy Voting Quarterly Report Results (cont.)

PROXY VOTING HIGHLIGHTS FOR THE DOMESTIC AND INTERNATIONAL PORTFOLIOS

A. Domestic Proxy Voting

A sampling of domestic proxy votes cast **against** management from July 1, 2005 to September 30, 2005 includes:

1) Egregious executive compensation plans:

Company	Cost Analysis	Additional Factors ⁽⁵⁾
3Com Corp.	Shareholder Value Transfer ⁽¹⁾ : 15.69%, Allowable Cap ⁽²⁾ : 14.99%, and Voting Power Dilution ⁽³⁾ : 20.73%	The plan does not contain a significant portion of performance-based grants, and vesting is less than four years.
Electronic Arts Inc.	The cost of the plan compared to the financial performance of the company was outside one standard deviation when compared to similar plans ⁽⁴⁾	The plan does not contain a significant portion of performance-based grants.
Network Appliance Inc.	Shareholder Value Transfer ⁽¹⁾ : 16.05%, Allowable Cap ⁽²⁾ : 12.48%, and Voting Power Dilution ⁽³⁾ : 21.93%	The plan does not contain a significant portion of performance-based grants.

- 1) Shareholder Value Transfer - Dollar cost to the company of all stock option plans as participants exercise awards expressed as a percent of market value. Source: Institutional Shareholder Services.
- 2) Allowable Cap - Based on benchmark shareholder value transfer levels for the company's industry, expressed on a percent of market value. Source: Institutional Shareholder Services.
- 3) Voting Power Dilution - Share allocation from all stock option plans as a percent of share allocation plus shares outstanding. Source: Institutional Shareholder Services.
- 4) Glass Lewis & Co. evaluates equity-based plans using twenty different analyses, comparing the program with both absolute limits and a carefully chosen peer group. The model seeks to determine if the proposed plan is either more than one standard deviation away from the average plan for the peer group, on a range of criteria, or exceeds one of the absolute limits.
- 5) At the June 16, 2003 meeting, the CalPERS Board of Directors approved additional policy issues to be applied to voting in relation to compensation plans.

Semi-Annual and Quarterly Reports – September 30, 2005

Proxy Voting Quarterly Report Results (cont.)

2) Shareowner proposals:

CalPERS voted **in favor** of the following shareowner proposals:

Company	Meeting	Proposal	Reason
HJ Heinz Co.	08/23/05	Require a majority vote for the election of directors.	CalPERS is a strong supporter of greater director accountability.
Computer Associates International Inc.	08/24/05	Ratify change in control severance policy.	CalPERS supports asking companies to formulate and seek shareowner approval of executive compensation policies. We believe severance packages should be a component of these.
FedEx Corp.	09/26/05	Report on political contributions.	CalPERS believes this proposal will not pose long-term harm to the company.

CalPERS voted **against** the following shareowner proposals:

Company	Meeting	Proposal	Reason
Conagra Inc.	09/21/05	Suspend Director and Executive Compensation.	CalPERS believes this proposal would unfairly restrict the company's ability to attract and retain competent employees.

3) Proxy Contests

There were no significant proxy contests during the quarter.

Semi-Annual and Quarterly Reports – September 30, 2005

Proxy Voting Quarterly Report Results (cont.)

4) Mergers

Target	Acquirer	Date	Vote	Rationale
Unocal Corp.	Chevron Corp.	08/10/05	For	CalPERS believes the merger makes economic sense because of the market premium offered and expected strategic synergies.
Accredo Health Inc.	Medco Health Solutions Inc.	08/17/05	For	CalPERS believes the merger makes economic sense because of the market premium offered and expected strategic synergies.

5) Website votes

The following is a sample of Website votes cast during the quarter:

Company/Date	Issue	Vote	Reason
Medtronic Inc. 08/25/05	Elect directors	Withhold vote from nominee Schuler.	Nominee is an affiliate that sits on the Audit, Nominating, and Compensation Committees.
Nike Inc. 09/20/05	Elect directors	Withhold vote from nominee Jackson.	Nominee is an affiliate on a board that is not independent by a majority.
General Mills Inc. 09/26/05	Elect directors	Withhold vote from nominee Ochoa-Brillembourg.	Nominee is an affiliate that sits on the Nominating Committee.

B. International Proxy Voting

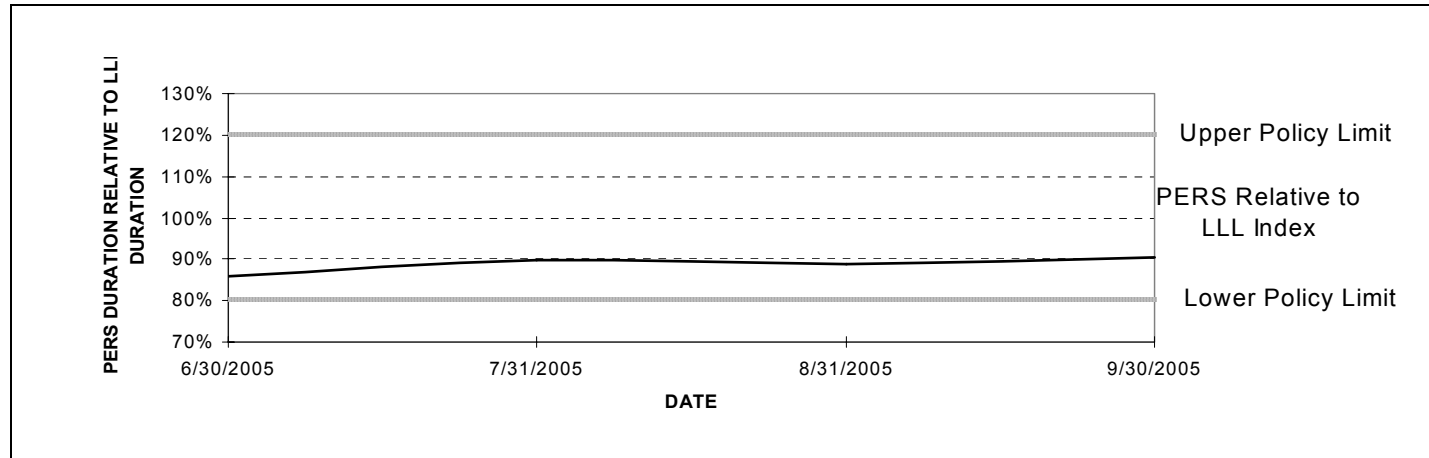
A sampling of International proxy votes cast **against** management during the quarter:

Company	Country	Date	Issue	Reason
Air France	France	07/05/05	Amend Articles of Association.	The company has not disclosed adequate information for shareowner approval.
Sims Group LTD.	Australia	09/08/05	Approve grant of equity performance rights.	The plan allows for the re-testing of performance metrics.
Greek Organisation of Football Prognostics SA	Greece	09/28/05	Amend Articles of Association.	The company has not disclosed adequate information for shareowner approval.

Semi-Annual and Quarterly Reports – September 30, 2005

Internally Managed Domestic Fixed Income Report:

Interest Rate Risk



Sector Risk

SECTOR	PERS PERMISSIBLE RANGE	LEHMAN LONG LIABILITY	12/31/2004 PERS	3/31/2005 PERS	6/30/2005 PERS	9/30/2005 PERS
Government	0-50	40	32	36	36	34
Mortgages	10-60	30	30	31	34	34
Sovereigns	0-15	3	2	2	2	2
Investment Grade Corporates	10-60	24	30	25	25	25
Opportunistic ¹	0-10	3	6	6	3	5

¹ High Yield

Violations to Policy: None

Semi-Annual and Quarterly Reports – September 30, 2005

Internally Managed Short-Term Fund Report:

I. Interest Rate Risk

The weighted-average days to maturity of the Short-Term Fund was 3.7 days.

II. Asset Allocation by Asset Type and Credit Quality, and Other Policy Limits

<u>Asset Type</u>	<u>Policy Limits</u>	<u>Portfolio Holdings</u>
State Street Bank STIF	100%	94.1
U.S. Treasury and Agencies	100	0.0
Repurchase Agreements	20	0.0
Corporate Securities	100	0.5
Asset-Backed Securities	25	5.4
Total Short-Term Fund		<u>100.0%</u>
<u>Credit Quality</u>		
Securities rated A1/P1 or higher	100%	99.5
Total Split Rated and A2/P2	30	0.5
Total Short-Term Fund		<u>100.0%</u>
<u>Other Restriction</u>		
Total Floating Rate Exposure	50%	0.0%

III. Violations To Policy

There were no policy violations this quarter.

Semi-Annual and Quarterly Reports – September 30, 2005

Internally Managed Short Duration Fund Report:

I. Interest Rate Risk

The portfolio duration of the Short Duration Fund was 0.08.

II. Asset Allocation by Asset Type and Credit Quality, and Other Policy Limits

<u>Asset Type</u>	<u>Policy Limits</u>	<u>Portfolio Holdings*</u>
State Street Bank STIF	100%	0.20
AAA Floating Rate ABS	100	41.87
Non AAA Floating Rate ABS	50	5.00
AAA Fixed Rate ABS	20	8.30
Non AAA Fixed Rate ABS	20	0.00
Total CMBS	25	15.84
Bridge Loans	100	1.16
Money Market Securities (\geq A1/P1)	100	6.40
Money Market Securities ($<$ A1/P1)	15	2.00
Total Corporate Securities	50	1.20
<u>Credit Quality</u>		
Securities rated AAA (LT) or A1/P1 (ST) or higher	100%	73.78
Total Split Rated and A2/P2 (ST) or non-AAA (LT)	50	8.20
<u>Other Restriction</u>		
Total Fixed Rate Exposure ($>$ 35 day maturity)	20%	8.30

*Based on \$1 Billion portfolio, thus will not add to 100%

Internally Managed Short Duration Fund Report (cont.)

III. Violations To Policy

The following policy violations occurred this quarter:

Certain individual security holdings violated the maximum percentage policy limits because of the initial funding of this portfolio in November 2003. It's not possible to efficiently start a new portfolio without exceeding individual security limits while the portfolio grows and reaches critical mass. As this portfolio ramps up to its expected portfolio size of \$8 billion, the individual holdings diversification will come into compliance. During the ramp-up period, it has been assumed for compliance calculation purposes that the portfolio size is \$1 billion.

Based on a \$1 billion portfolio there were two minor violations due to market value appreciation of two SLMA positions that equal 2% in par value but equal 2.12% and 2.14% on a market value basis.

SLMA 1997-2	CTFS	(A2/A+/AA+ rated Student Loan ABS)	2.02% holding
SLMA 1997-4	CTFS	(A2/A+/AA+ rated Student Loan ABS)	2.04% holding

Semi-Annual and Quarterly Reports – September 30, 2005

Internally Managed High Quality LIBOR Fund Report:

I. Interest Rate Risk

The portfolio duration of the High Quality LIBOR Fund was 0.07.

II. Asset Allocation by Asset Type and Credit Quality, and Other Policy Limits

<u>Asset Type</u>	<u>Policy Limits</u>	<u>Portfolio Holdings</u>
State Street Bank STIF	100%	1.22
AAA Floating Rate ABS	100	90.50
AAA Fixed Rate ABS	20	0.00
AAA CMBS	15	0.00
Money Market Securities (\geq A1/P1)	100	6.11
Money Market Securities ($<$ A1/P1)	10	2.18
High Quality Libor Fund		<u>100.0%</u>
<u>Credit Quality</u>		
Securities rated AAA (LT) or A1/P1 (ST) or higher	100%	97.82
Total Split Rated and A2/P2 money market securities ($>$ 1 day maturity)	10	2.18
High Quality Libor Fund		<u>100.0%</u>
<u>Other Restriction</u>		
Total Fixed Rate Exposure ($>$ 35 day maturity)	20%	0.00%

III. Violations To Policy

There were no policy violations this quarter.

Semi-Annual and Quarterly Reports – September 30, 2005

Member Home Loan Program Report:

- **Program to Date**, CalPERS has purchased a total of 125,770 loans totaling \$19.611 billion dollars (figure does not include Personal Loans).
- **Purchases for the Quarter Ending 9/30/05**, were \$188.949 million dollars (figure includes Personal Loans).
- **Portfolio Holdings as of 9/30/05** were \$1.357 billion dollars
- **Mortgage Loan Delinquencies as of 06/30/05;**
 - Fannie Mae MBS Delinquencies decreased by 23 bps
 - Whole Loan Delinquencies decreased by 44 bps.
- **Personal Whole Loan Delinquency as of 9/30/05** decreased by 15.
- **Number of Lending Institutions participating in the MHLP** is 45 with a total of 595 branch locations statewide
- **CMI CalPERS Pipeline & Purchase Information for YTD ending 9/30/05;**

Committed not Purchased:	505	\$131,660,944	
Total Commitments Issued (YTD):	2,856	\$697,964,269	Avg/month: \$77,551,585.44
Total Purchased (YTD):	2,244	\$523,416,169	Avg/month: \$58,157,352.11
Purchase/Refinance Percentage (%):	22%/78%		
- **Activity Update - 3rd Quarter, 2005**

Marketing/Lead Tracking Report (Top 5 categories)

Paycheck Stuffer	751 leads	=	19.64% (of total leads)
Benefit Fairs/Events	743	=	19.40%
Co-Worker Referral	719	=	18.80%
CalPERS Website	471	=	12.32%
Perspective Newsletter (Sept)	410	=	10.72%

Total leads generated in 3rd Quarter, 2005 = 3,824

Semi-Annual and Quarterly Reports – September 30, 2005

Member Home Loan Program Report (cont.)

We published articles about the interest rate and closing cost protections of the MHLP in the September issue of the PERSpective newsletter.

We are interviewing applicants for a Northern California Agency Liaison and Marketing Assistant. Having an Agency Liaison in the Northern California territory again will provide agency and H.R. representatives with a central point of contact with the Program administration department and provide them with resources to help keep their employees educated about their loan options and advantages through the MHL Program. The addition of a marketing assistant will also help us strategize how to better reach the CalPERS Members and launch new program developments in a more timely manner. We will also be better able to keep the MHL content on the CalPERS web site up-to-date.

Over 75 CalPERS Agencies throughout the state requested a MHL representative or participating lender attend their benefit fair to talk with members. We exceeded our goal by 115% generating interest from over 743 CalPERS Members. We referred 29% of these member to a loan officer to look further into the loan process.

We will be sending out a paycheck stuffer to all State and Retired CalPERS Members in the beginning of November, highlighting the controlled closing fees available with purchases and refinances.

Semi-Annual and Quarterly Reports – September 30, 2005

Real Estate Report:

- **Total Portfolio Performance** – The one-year (as of June 30, 2005) total return for the Total Real Estate Portfolio was 51.4 percent before fees and 40.8 percent after fees. The nominal after fee total return (since inception) for the Total Real Estate Portfolio was 10.6 percent as of June 30, 2005, with the income component generating a 7.3 percent return and the appreciation component generating a 3.2 percent return.
- **Core Portfolio Performance** – The one-year (as of June 30, 2005) total return for the Core Portfolio was 57.4 percent before fees and 46.4 percent after fees. The nominal after fee total return (since inception) for the Core Portfolio was 10.3 percent as of June 30, 2005, with the income component generating an 8.0 percent return and the appreciation component generating a 2.3 percent return. The total before fee returns for the Industrial sector, which reflect the June 30, 2005 valuations, were 56.1 percent for the current quarter and 66.1 percent for the one-year as compared to the NCREIF Industrial sector which reported a 7.2 percent current quarter return and a 17.5 percent one-year return.
- **Non-Core Portfolio Performance** – The one-year (as of June 30, 2005) total return for the Non-Core Portfolio was 40.7 percent before fees and 30.5 percent after fees. The nominal after fee total return (since inception) for the Non-Core Portfolio was 10.4 percent as of June 30, 2005, with the income component generating a 4.8 percent return and the appreciation component generating a 5.6 percent return. The total return for the Non-Core Portfolio continues to be positively impacted by the Housing Program and the California Urban Real Estate (CURE) Program, which are the two largest Programs in the Non-Core Portfolio. The Housing Program generated a 9.3 percent before fee return for the current quarter and a 35.6 percent before fee return for the one-year period. Additionally, the CURE program generated a 2.9 percent before fee return for the current quarter and a 55.7 percent before fee return for the one-year period.
- **Comparison to Industry Benchmark** – The Total Real Estate Portfolio outperformed the NCREIF Detailed Property Index (Index) for all periods, as shown in the following chart on page I - 4, titled *Total Real Estate Portfolio, Comparison to NCREIF Index, Nominal Returns, Before Fees*. In addition, the Core and Non-Core Portfolio outperformed the Index for all periods. It should be noted that although the NCREIF Index is more directly comparable to the Core Portfolio, the Index is used as a benchmark for the Non-Core Portfolio as well.
- **Comparison to Real Rate of Return Benchmark** – Policy dictates that CalPERS' after fee real rate of return should reach 5 percent for the Core Portfolio and exceed 5 percent for the Non-Core Portfolio. The Core, Non-Core, and Total Portfolios have all exceeded the 5 percent real rate of return benchmark for all periods, as shown in the following chart on page I - 5 titled *Total Real Estate Portfolio, Comparison to Real Rate of Return, Benchmark, After Fees*.

Investment Transactions – August 31, 2005

Investment Transactions are reported to the Investment Committee for review under the requirements of California Government Code Section 20191. Information is provided in summary format in this consolidated document. Full reporting is available in the supplemental reporting document.

Portfolio Summary and Transactions Report:

- Purchases – Internal Management (Page 28)
- Sales – Internal Management (Page 29)
- Currency Hedge Portfolio Summary (Page 30)
- Currency Hedge Portfolio Transactions (Page 30)

Investment Transaction Information as of 08/31/2005: [\(full reporting is available in the supplemental reporting document\)](#)

- Fixed Income Transactions
 - Internal Domestic
 - External International and High Yield
 - Special Mortgage Investment Program Transactions
 - High Yield Performance
- Equity Summary & Transactions
 - Internal Domestic
 - Corporate Actions
 - External Domestic
 - External International
- Internal Programs
 - Closed Real Estate Transactions Summary
 - Dispositions Summaries
 - Capri Capital – First Avenue Tower, CalPERS share \$23,672,728.00
 - AEW Senior Housing – AL ONE Portfolio, CalPERS share \$205,633,200.00
 - Reef-CalSmart – Oakesdale Commerce E-1, CalPERS share \$2,673,094.00
 - GID – Windsor at Glendale – CalPERS share \$37,949,604.00
 - GID – Windsor at Lenox Park – CalPERS share \$60,588,920.00
 - Reef-CalSmart – 5200 Gateway Plaza – CalPERS share \$1,818,934.00
 - GID – Windsor at Briar Hill – CalPERS share \$23,806,468.00
 - GID – Windsor at Alden Pond – CalPERS share \$24,887,800.00
 - Reef-CalSmart – Oakesdale Commerce E-5, CalPERS share \$2,219,284.00
 - Acquisition Summaries
 - GID – Jefferson Woods – CalPERS share \$51,870,000.00
 - AIM Program Transactions
 - Summary Listing of Capital Calls and Aggregate Distributions
 - AIM Program Investments Completed under Delegation of Authority
 - Investment Summaries
 - Carlyle/Riverstone Renewable Energy Infrastructure Fund I, L.P. \$60 million commitment
 - Newbridge Asia IV, L.P. \$180 million commitment
 - OCM Opportunities Fund VI, L.P. \$50 million commitment

Investment Transactions – August 31, 2005

Investment Transaction Information as of 08/31/2005 (continued): [\(full reporting is available in the supplemental reporting document\)](#)

- Risk Managed Absolute Return Strategies Program Items Completed Under Delegation of Authority
 - Investment Summaries
 - No items to report

Portfolio Summary and Transactions

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

August 31, 2005

PURCHASES

INTERNAL MANAGEMENT

	<u>PAR</u>	<u>COST</u>	<u>ANNUALIZED YIELD</u>	<u>%OF LONG TERM PURCHASES</u>
<u>ALTERNATIVE INVESTMENTS:</u>				
Partnership Component	376.8	\$393.2	N/A	3.84%
<u>BONDS:</u>				
Utilities & Industrials	192.0	\$188.8	5.99%	1.84%
Sovereign	<u>62.0</u>	<u>65.3</u>	4.62%	<u>0.64%</u>
Total	254.0	\$254.1		2.48%
<u>GOVERNMENTS:</u>				
U.S. Agencies & Treasuries	1,033.9	\$1,044.2	4.36%	10.20%
<u>MORTGAGE SECURITIES:</u>				
Pass-Through	2,258.9	\$2,210.1	5.18%	21.59%
CMO	<u>310.4</u>	<u>307.5</u>	<u>5.17%</u>	<u>3.00%</u>
Total	2,569.3	\$2,517.6		24.59%
<u>EQUITIES:</u>				
Common Stock		\$2,342.7	N/A	22.88%
EXTERNAL MANAGEMENT				
<u>EQUITIES AND FIXED INCOME:</u>				
International Common Stock		\$1,226.6	N/A	11.98%
Domestic Common Stock		1,259.9	N/A	12.31%
International Fixed Income		<u>1,199.7</u>	N/A	<u>11.72%</u>
Total		\$3,686.2		36.01%
TOTAL PURCHASES:		\$10,238.1		100%

Portfolio Summary and Transactions

INVESTMENT TRANSACTIONS SUMMARY

(\$ Millions)

August 31, 2005

SALES

INTERNAL MANAGEMENT

	<u>PAR</u>	<u>COST</u>	<u>PROCEEDS</u>	<u>GAIN/ LOSS</u>
<u>ALTERNATIVE INVESTMENTS:</u>				
Partnership Component	0.8	\$11.8	\$11.8	\$0.0
<u>BONDS:</u>				
Utilities & Industrials	84.4	\$84.5	\$81.8	(\$2.7)
Sovereign	<u>62.6</u>	<u>63.4</u>	<u>65.1</u>	<u>1.6</u>
Total	147.0	\$147.9	\$146.8	(\$1.1)
<u>GOVERNMENTS:</u>				
U.S. Agencies & Treasuries	286.9	\$337.8	\$339.6	\$1.7
<u>MORTGAGE SECURITIES:</u>				
Pass-Through	2,516.9	\$2,486.6	\$2,460.1	(\$26.6)
CMO	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>\$0.0</u>
Total	2,516.9	\$2,486.6	\$2,460.1	(\$26.6)
<u>EQUITIES:</u>				
Common Stock		\$1,859.0	\$2,298.0	\$438.9
EXTERNAL MANAGEMENT				
<u>EQUITIES AND FIXED INCOME:</u>				
International Common Stock		\$1,081.4	\$1,190.6	\$109.2
Domestic Common Stock		1,154.0	1,238.6	84.6
International Fixed Income		<u>981.9</u>	<u>977.1</u>	<u>(4.8)</u>
Total		\$3,217.2	\$3,406.2	\$189.0
TOTAL SALES:		\$8,060.4	\$8,662.5	\$602.0

Portfolio Summary and Transactions

CURRENCY HEDGE PORTFOLIO SUMMARY

(\$ Millions)

August 31, 2005

<u>PENDING FX CONTRACTS</u>	<u>COST</u>	<u>MARKET VALUE</u>
Total FX Purchased	\$2,070.5	\$2,058.1
Total FX Sold	\$9,291.9	\$9,066.4

CURRENCY OPTIONS

Currency Puts	\$314.8	\$314.8
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"For FX purchased, a market value higher than book value means the contracts have an unrealized gain as of the valuation date. For FX sold, a market value lower than book value means the contracts have an unrealized gain as of the valuation date."

CURRENCY HEDGE TRANSACTION SUMMARY

(\$ Millions)

August 31, 2005

<u>PURCHASES</u>	<u>COST</u>
Pending FX Contracts	\$1,165.1

<u>SALES</u>	<u>PROCEEDS</u>
Pending FX Contracts	\$826.5

Affiliate Funds Report- September 30, 2005

Staff has compiled the following investment transaction and portfolio summary reports prepared by the Custodian for the Affiliate Funds for the month ending September 30, 2005.

Affiliate Funds Allocation and Transaction Reports: [\(full reporting is available in the supplemental reporting document\)](#)

Legislators' Retirement Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
AFFILIATE TIPS	\$132,702,964.00	50.189	\$132,158,095.00	49.159
LEG-INTERNATIONAL - SSGA	\$8,691,875.00	3.287	\$13,990,738.00	5.204
LEGISTRATORS RETIREMENT TOTAL FUND	\$123,009,451.00	46.523	\$122,690,986.00	45.637
TOTAL	<u>\$264,404,290.00</u>	100.000	<u>\$268,839,819.00</u>	100.000

Judges' Retirement Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
JUD-INTERNAL SHORT TERM - CALPERS	\$34,758.00	100.000	\$34,758.00	100.000
TOTAL	<u>\$34,758.00</u>	100.000	<u>\$34,758.00</u>	100.000

Affiliate Funds Report- September 30, 2005

Judges II Retirement Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
JUDGES II - INTERNATIONAL - SSGA	\$21,149,079.00	12.880	\$34,737,327.00	19.456
JUDGES II TOTAL FUND	\$143,056,854.00	87.120	\$143,807,931.00	80.544
TOTAL	<u>\$164,205,933.00</u>	100.000	<u>\$178,545,258.00</u>	100.000

Public Employees' Medical & Hospital Care Act Contingency Reserve Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
CRF INTERNAL SHORT TERM - CALPERS	\$6,721,181.00	100.000	\$6,721,181.00	100.000
TOTAL	<u>\$6,721,181.00</u>	100.000	<u>\$6,721,181.00</u>	100.000

Volunteer Firefighters Length of Service Award Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
VFF-INTERNAL SHORT TERM - CALPERS	\$2,774,001.00	100.000	\$2,848,519.00	100.000
TOTAL	<u>\$2,774,001.00</u>	100.000	<u>\$2,848,519.00</u>	100.000

Affiliate Funds Report- September 30, 2005

Supplemental Contribution Fund:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
SCP TOTAL FUND	\$16,832,623.00	85.625	\$17,153,234.00	79.852
SUPPLEMENTAL CONTRIBUTION - INTL EQUITY	\$2,825,921.00	14.375	\$4,328,083.00	20.148
TOTAL	<u>\$19,658,544.00</u>	100.000	<u>\$21,481,317.00</u>	100.000

Self Fund Health Care:

<u>Asset</u>	<u>BOOK VALUE</u>	<u>PERCENT OF PORTFOLIO</u>	<u>MARKET VALUE</u>	<u>PERCENT OF PORTFOLIO</u>
SELF FUND HEALTH - CALPERS	\$91,035,806.00	100.000	\$90,919,252.00	100.000
TOTAL	<u>\$91,035,806.00</u>	100.000	<u>\$90,919,252.00</u>	100.000